

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.105: Examination of returns and claims for refund, credit or abatement; determination of correct tax liability.  
(Also Part I, §§ 172, 6411)

Rev. Proc. 2009-52

#### SECTION 1. PURPOSE

.01 This revenue procedure provides guidance under § 13 of the Worker, Homeownership, and Business Assistance Act of 2009, Pub. L. No. 111-92, 123 Stat. 2984 (November 6, 2009) (the Act). Section 13 of the Act amends §§ 172(b)(1)(H) and 810(b) of the Internal Revenue Code to allow taxpayers to elect to carry back an applicable net operating loss (NOL) for a period of 3, 4, or 5 years, or a loss from operations for 4 or 5 years, to offset taxable income in those preceding taxable years. This revenue procedure applies to losses from operations of a life insurance company under § 810 in the same manner as to NOLs under § 172.

.02 This revenue procedure prescribes when and how to elect under § 172(b)(1)(H)

to carry back an applicable NOL for a period of 3, 4, or 5 years for (1) taxpayers that have not claimed a deduction for an applicable NOL; (2) taxpayers that previously claimed a deduction for an applicable NOL; and (3) taxpayers that previously filed an election under §§ 172(b)(3) or 810(b)(3) to forgo the NOL carryback period.

## SECTION 2. BACKGROUND

.01 Section 172(a) allows a deduction equal to the aggregate of the NOL carryovers and carrybacks to the taxable year. Section 172(b)(1)(A)(i) provides that an NOL for any taxable year generally must be carried back to each of the 2 years preceding the taxable year of the NOL. Section 172(b)(3) provides that any taxpayer entitled to a carryback period under § 172(b)(1) may make an irrevocable election to relinquish the carryback period for an NOL for any taxable year.

.02 Section 810(b)(1)(A) provides that life insurance companies may carry back an NOL for any taxable year to each of the 3 years preceding the taxable year of the loss. Section 810(b)(3) provides that any taxpayer entitled to a carryback period under § 810(b)(1) may make an irrevocable election to relinquish the carryback period for a loss from operations for any taxable year.

.03 Section 6411(a) provides that a taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by an NOL carryback from any taxable year. Section 6411(a) also provides that the application must be filed on or after the date of filing for the return for the taxable year of the NOL from which the carryback results and within a period of 12 months after that taxable year or, for any portion of a business credit carryback attributable to an NOL from a subsequent taxable year, within a period of 12 months from the end of the subsequent taxable year.

Section 6411(b) provides a 90-day period during which the Internal Revenue Service will make a limited examination of the application to discover omissions and errors of computation and determine the amount of the decrease in tax attributable to the carryback. The Service may disallow, without further action, any application that contains errors of computation that cannot be corrected within the 90-day period or that contains material omissions. The decrease in tax attributable to the carryback is applied against unpaid amounts of tax. Any remainder of the decrease is credited or refunded within the 90-day period.

.04 Section 1211 of the American Recovery and Reinvestment Tax Act of 2009, Div. B of Pub. L. No. 111-5, 123 Stat. 115 (February 17, 2009) (ARRA), amended § 172(b)(1)(H) to allow an eligible small business (ESB) to elect to carry back a 2008 applicable NOL for a period of 3, 4, or 5 years (the ARRA election). Unlike the § 172(b)(1)(H) election under the Act (referred to in this revenue procedure as the § 172(b)(1)(H) election), the ARRA election is applicable only to an NOL attributable to an ESB. The ARRA election is irrevocable and may be made for only one taxable year. Rev. Proc. 2009-26, 2009-19 I.R.B. 935 (April 25, 2009), modifying and superseding Rev. Proc. 2009-19, 2009-14 I.R.B. 747 (March 16, 2009), advises taxpayers how to make the ARRA election.

.05 Section 172(b)(1)(H)(i), as amended by the Act, permits a taxpayer to elect to carry back its applicable NOL to 3, 4, or 5 years preceding the taxable year of the applicable NOL. This election is not limited to an ESB. Section 172(b)(1)(H)(ii) provides that the term “applicable net operating loss” means the taxpayer’s NOL for a taxable year ending after December 31, 2007, and beginning before January 1, 2010.

.06 Section 172(b)(1)(H)(iii) provides that the election under § 172(b)(1)(H) is required to be made in a manner prescribed by the Secretary, and must be made by the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009. The election is irrevocable and, in general, may be made for only one taxable year. However, § 172(b)(1)(H)(v) allows a taxpayer that made or makes an ARRA election also to make an election under § 172(b)(1)(H) for another taxable year.

.07 Section 172(b)(1)(H)(iv) limits the amount of an NOL that a taxpayer elects under § 172(b)(1)(H)(i) to carry back to the 5<sup>th</sup> taxable year preceding the taxable year of the loss to 50 percent of the taxpayer's taxable income for the carryback taxable year. The taxable income for the carryback taxable year is computed without regard to the NOL for the loss year or any taxable year thereafter. The excess of the amount of the loss over 50 percent of the taxable income, as determined under § 172(b)(2), for the carryback taxable year is carried to later taxable years. For the carryback of an alternative tax NOL to the 5<sup>th</sup> taxable year preceding the taxable year of the loss, the 50 percent limitation is applied separately based on the alternative minimum taxable income. The § 172(b)(1)(H)(iv) limitation does not apply to an NOL carryback under the ARRA election.

.08 Section 13(e)(4) of the Act provides that a taxpayer that has elected under §§ 172(b)(3) or 810(b)(3) to forgo a carryback for a loss for a taxable year ending before the date of enactment of the Act (November 6, 2009) may revoke that election before the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009. An application under § 6411(a) for the applicable NOL is treated as timely if filed before that due date.

.09 Section 13(c) of the Act amends § 810(b) to allow life insurance companies to elect to carry back an applicable loss from operations for 4 or 5 taxable years. An applicable loss from operations is a loss from operations for a taxable year ending after December 31, 2007, and beginning before January 1, 2010.

.10 Section 13(f) of the Act provides that § 172(b)(1)(H) does not apply to any taxpayer that received certain benefits (whether or not repaid) under the Emergency Economic Stabilization Act of 2008, Title I of Div. A of Pub. L. No. 110-343, 122 Stat. 3765 (TARP recipients), or to members of the taxpayer's affiliated group.

### SECTION 3. SCOPE

Except as provided in § 13(f) of the Act, this revenue procedure applies to taxpayers that incurred an applicable NOL or an applicable loss from operations for a taxable year ending after December 31, 2007, and beginning before January 1, 2010.

### SECTION 4. APPLICATION

#### .01 Time and manner of making the election under § 172(b)(1)(H).

(1) In general. A taxpayer within the scope of this revenue procedure may make the election under § 172(b)(1)(H) or § 810(b)(4) by following the procedure described in either section 4.01(3) or section 4.01(4) of this revenue procedure. The procedures under this revenue procedure that apply to NOLs and the election under § 172(b)(1)(H) also apply to a loss from operations of a life insurance company and the election under § 810(b)(4).

(2) Affiliated groups. For purposes of this revenue procedure, "taxpayer" includes an affiliated group filing a consolidated return, "applicable NOL" includes a consolidated net operating loss (CNOL), and the common parent of the group makes

the § 172(b)(1)(H) election. See § 1.1502-21(b); § 1.1502-77(a). However, nothing in this revenue procedure permits a consolidated return group to otherwise make or revoke a carryback waiver election for the CNOL attributable to a member acquired from another group, described in § 1.1502-21(b)(3)(ii)(B). The conditions under which this election may be permitted will be the subject of separate guidance.

(3) Electing on a federal income tax return for the taxable year of the applicable NOL.

(a) What to file. A taxpayer may make the election under § 172(b)(1)(H) by attaching a statement to the taxpayer's federal income tax return for the taxable year in which the applicable NOL arises. A taxpayer that filed its federal income tax return for the taxable year of the applicable NOL may make the election by attaching a statement to an amended return for the taxable year of the applicable NOL. The election statement must state that the taxpayer is electing to apply § 172(b)(1)(H) or § 810(b)(4) under Rev. Proc. 2009-52, and that the taxpayer is not a TARP recipient nor, in 2008 or 2009, an affiliate of a TARP recipient. The statement must specify the length of the NOL carryback period the taxpayer elects (3, 4, or 5 years).

(b) When to file. A taxpayer must file the election statement with the taxpayer's original or amended federal income tax return for the taxable year of the applicable NOL on or before the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009.

(c) Carryback applications or refund claims. A taxpayer that makes the § 172(b)(1)(H) election under this section 4.01(3) must attach a copy of the election statement to the taxpayer's claim for tentative carryback adjustment (Form 1045,

Application for Tentative Refund; or Form 1139, Corporation Application for Tentative Refund) or amended return applying the applicable NOL to the carryback year. The due date for timely filing a claim for tentative carryback adjustment on Form 1045 or 1139 for a taxpayer that makes the § 172(b)(1)(H) election is extended to the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009.

(4) Electing on an appropriate form. In lieu of the procedures described in section 4.01(3) of this revenue procedure, a taxpayer may make the § 172(b)(1)(H) election on an appropriate form under this section 4.01(4).

(a) What to file.

(i) A taxpayer may make the § 172(b)(1)(H) election by attaching an election statement to the appropriate form the taxpayer files applying the NOL carryback period the taxpayer elects. The election statement must state that the taxpayer is electing to apply § 172(b)(1)(H) or § 810(b)(4) under Rev. Proc. 2009-52, and that the taxpayer is not a TARP recipient nor, in 2008 or 2009, an affiliate of a TARP recipient. The statement must specify the length of the NOL carryback period the taxpayer elects (3, 4, or 5 years). The appropriate form is--

(A) For corporations, Form 1139 or Form 1120X, Amended U.S. Corporation Income Tax Return;

(B) For individuals, Form 1045 or Form 1040X, Amended U.S. Individual Income Tax Return;

(C) For estates or trusts, Form 1045 or amended Form 1041, U.S. Income Tax Return for Estates and Trusts.

(D) For tax exempt organizations with unrelated business income, Form

1139 or amended Form 990-T, Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e)).

(b) When to file. When using an appropriate form to make the election under this paragraph 4.01(4), the taxpayer must file the form on or before the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009. The taxpayer's time for claiming a tentative carryback adjustment on Form 1045 or 1139 also is extended to this date.

.02 Taxpayers that previously filed a carryback application or claim.

(1) In general. A taxpayer that previously filed an application for a tentative carryback adjustment (whether or not the Service has acted upon the application) or an amended return (except to the extent that the application or claim was for an applicable NOL for which an ESB made an ARRA election) may make the election under § 172(b)(1)(H) by following the procedures under section 4.01(3) or (4) of this revenue procedure. The taxpayer's election statement must state that the election amends a previous carryback application or claim.

(2) Additional rules. A taxpayer's amendment of a carryback application or claim also applies to a carryback of any alternative tax NOL for the same taxable year. In the case of an amended application for a tentative carryback adjustment, the 90-day period described in § 6411(b) begins on the date the taxpayer files the amended application.

.03 Revocation of the election to waive NOL carryback period. A taxpayer within the scope of this revenue procedure that previously elected under § 172(b)(3) or § 810(b)(3) to forgo the carryback period for an applicable NOL for a taxable year ending before November 6, 2009, may revoke that election and make the election under §



172(b)(1)(H). Any revocation of the election to forgo the NOL carryback period also will apply to a carryback of any alternative tax NOL for the same taxable year. The taxpayer may make the revocation and the election by following the procedures under section 4.01(3) or (4) of this revenue procedure. The election statement must state that the taxpayer is revoking an NOL (or loss from operations) carryback waiver and electing to apply § 172(b)(1)(H) or § 810(b)(4) under Rev. Proc. 2009-52, and that the taxpayer is not a TARP recipient nor, in 2008 or 2009, an affiliate of a TARP recipient. The statement must specify the length of the NOL carryback period the taxpayer elects (3, 4, or 5 years). The taxpayer must file the revocation and the election under § 172(b)(1)(H) before the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009.

#### SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for NOLs arising in taxable years ending after December 31, 2007.

#### SECTION 6. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under the following control numbers: 1545-0074 Form 1040 (U.S. Individual Income Tax Return) and Form 1040X (Amended U.S. Individual Income Tax Return); 1545-0123 Form 1120 (U.S. Corporation Income Tax Return); 1545-0132 Form 1120X (Amended U.S. Corporation Income Tax Return); 1545-0128 Form 1120-L (U.S. Life Insurance Company Income Tax Return); 1545-0092 Form 1041 (U.S. Income Tax Return for Estates and Trusts); 1545-0687 Form 990-T

(Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))); 1545-0098 Form 1045 (Application for Tentative Refund); 1545-0582 Form 1139 (Corporation Application for Tentative Refund). For further information, please refer to the Paperwork Reduction Act statements accompanying these forms.

#### DRAFTING INFORMATION

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